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TAGS: [KNNP](#) [MNUC](#) [IR](#) [GM](#) [ECON](#) [XG](#) [XT](#) [ZL](#) [ZS](#) [GR](#)
SUBJECT: REQUEST FOR VIGILANCE REGARDING BANK SADERAT,S
BRANCH IN ATHENS

Classified By: EUR/PRA Office Director Anita Friedt for
reasons 1.4 (b) and (d).

11. (U) This is an action request. Please see paragraph 3.

SUMMARY

12. (S) The United States has concerns about Bank Saderat's growing presence in Greece, both in size and profit margin. The U.S. designated Bank Saderat, pursuant to Executive Order 13224, for providing support to terrorist organizations. The bank has been used by the Iranian government to channel funds to terrorist organizations, including Hizballah, Hamas, the Popular Front for the Liberation of Palestine- General Command (PFLP-GC) and Palestinian Islamic Jihad. Senior bank officials are claiming that Bank Saderat's growth is a result of Greece's lax enforcement of banking laws and a perception by some in the banking community that transactions in Greece will not receive the same scrutiny that those in other European locales. Washington requests that Post inform the Greek government about this information, urge enhanced vigilance from the Government of Greece regarding Bank Saderat, and request that the governments of Germany, France and the United Kingdom ensure that their domestic banks are not using the Athens branch of Bank Saderat to facilitate terrorism or proliferation.

OBJECTIVES/ACTION REQUEST

13. (S) Washington requests Posts deliver the non-paper in paragraph 4 to appropriate host government officials in the foreign affairs and finance ministries. Post should pursue the following objectives:

-- Inform Greece, Germany, France, and the United Kingdom of Bank Saderat's growing presence in Greece.

-- Urge Greece to investigate Bank Saderat's activities to ensure that it is neither facilitating terrorism nor facilitating proliferation-related activities in circumvention of UNSCRs 1737, 1747, and 1803.

-- Urge Greece to enact and implement an anti-money laundering/combating terrorist financing (AML/CFT) regime consistent with international standards to reduce the chance of proliferation-sensitive, or otherwise illicit, transactions.

-- Urge Germany, France, and the United Kingdom to ensure that their domestic banks and Iranian banks located in their countries are not using the Athens branch of Bank Saderat to

facilitate terrorism or proliferation in circumvention of UNSCRs 1737, 1747, and 1803.

-- Underscore the calls for increased vigilance with respect to Iranian financial institutions in UNSCR 1803 and to deficiencies in Iran's AML/CFT regime in FATF statements. Emphasize the growing international consensus on the risks of engaging in Iran-related financial transactions.

BACKGROUND AND NONPAPER

14. BEGIN NON-PAPER S/REL GREECE, UK, FRANCE, GERMANY:

-- We would like to raise concerns about Iranian financial activities in your region.

-- As of early February 2008, the Athens branch of Iranian Bank Saderat had seen its profits double to over 3 million Euros in 2007, compared with profits of approximately 1.5 million Euros in the 2004 to 2005 timeframe. Comments by a senior Bank Saderat official indicate that the Athens branch had profited as a result of what he described as Greece's lax enforcement of banking regulations.

-- Some customers from other parts of Europe and other areas, such as Dubai, UAE, were working with the Athens branch, despite the existence of other Bank Saderat offices in their respective countries, because they probably believe that the transactions would receive less scrutiny from Greek government officials than from officials in their home countries.

-- We have information that Iran has decided to increase the staff at the Athens branch of Bank Saderat. This may indicate that Iran plans to continue using this branch to exploit Greece's financial system including in an attempt to circumvent UNSC sanctions.

-- As you know, UNSCR 1803 was passed on March 4, 2008 and calls on all member states to exercise vigilance over the activities of financial institutions in their territories with all banks domiciled in Iran, and their branches and subsidiaries abroad, in order to avoid activities contributing to proliferation-sensitive nuclear activities or to the development of nuclear weapon delivery systems.

-- UNSCR 1803 specifically identified Bank Saderat as a bank of particular concern, by naming it in the resolution.

-- You may also know that the U.S. designated Bank Saderat pursuant to Executive Order 13224 for providing support to terrorist organizations. The bank has been used by the Iranian government to channel funds to terrorist organizations, including Hizballah, Hamas, the Popular Front for the Liberation of Palestine- General Command (PFLP-GC) and Palestinian Islamic Jihad.

FOR GREECE:

-- We urge you to investigate Bank Saderat's activities to ensure that it is neither facilitating terrorism nor facilitating proliferation-related activities in circumvention of UNSCRs 1737, 1747, and 1803.

FOR THE UK, FRANCE AND GERMANY:

-- We urge you to ensure that your domestic banks and Iranian banks domiciled in your country are neither using the Athens branch of Bank Saderat to facilitate terrorism nor to facilitate proliferation activities in circumvention of UNSCRs 1737, 1747, and 1803.

-- UNSCR 1803 called for "vigilance" concerning the activities of Banks Saderat and Melli. Given the apparent activities of the Greek branches of Bank Saderat, we hope that your country will, at a minimum, also increase your

vigilance of local Bank Saderat branches and correspondent relationships in accordance with UNSCR 1803.

-- Concrete action in the banking sector is a high priority for the United States, and if major western financial powers do not take action to freeze accounts and ultimately close branches, we will not succeed in convincing more skeptical countries to do so. The European Union and its member states should take strong action against Banks Sepah, Melli, Saderat, and other Iranian banks following on UNSCRs 1747 and 1803.

FOR ALL RECIPIENTS:

-- We look forward to working with you on this and other related security, counterterrorism or counterproliferation matters, and are prepared to provide additional assistance as appropriate.

END NON-PAPER S/REL GREECE, UK, FRANCE, GERMANY

REPORTING DEADLINE

15. (U) Post should report results within seven (7) business days of receipt of this cable. Please slug replies for ISN, T, TREASURY, EUR, IO, and NEA. Please include SIPDIS in all replies.

POINT OF CONTACT

16. (U) Washington point of contact for follow-up information is Kevin McGeehan, ISN/CPI, (202) 647-5408, McGeehanKJ@state.sgov.gov.

17. (U) Department thanks Post for its assistance.
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